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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the May/June 2007 question paper

0455 ECONOMICS

0455/06 Paper 6 (Coursework), maximum raw mark 40

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1 (a) (i) Productivity relates to output, in this case from the factor of labour. The expression therefore means a decrease in output per worker over a measured time period. Allow reference to efficiency. [2]

(ii) Output declines, incomes decline, spending declines, there is less employment and possibly less growth overall which may well lead to the need for foreign aid for developing countries. [3]

(b) Explanation of a rise in price leading to a fall in quantity demanded, or a fall in price leading to a rise in quantity demanded (1). Demand curve shown on diagram with correct labels (1). Zero if shift the curve. [2]

(c) Movement along the demand curve on one diagram caused by a decrease in supply (1). Demand curve should shift to right on other diagram; (1) for labels, (1) for shift, (2) for explanation. Allow if label one diagram but omit labels on the other. Allow mark for shift of curve even if both curves shift on one diagram. [5]

(d) (i) It is cheaper, has different preferred characteristics, more readily available, currently fashionable/habit. But sometimes preference is for better quality even though the product is more expensive. The good may also be perceived as having a certain status. [3]

(ii) Not cheaper, not as available, but fashionable and preferred and regarded as superior as believed to be better. No information on changes in price. [4]

(e) $9.3b + $1.7b = $11b. This is 25% of the $44b spent on bottled water. (Allow ¼).
If 9.3 as a percentage and 1.7 as a percentage allow 1 mark. [2]

(f) Candidates could distinguish between the developed and developing countries. Developing countries might benefit, although industries supplying water would not, some would be unemployed and income might be reduced. However, could comment on above 25%. Still leaves 75% to be spent on bottled water. Extra income from developing countries might be spent on imports from developed countries, so overall balance not certain but probably beneficial. [8]

2 (a) Female workers earn the same as males 20–24; begin to earn slightly more than males after 25 but by the time 50+ is reached they earn up to $5 an hour less than males. [3]

(b) No it cannot be used. If this is just an average of salaries then the average female rate is $3 less compared to males. The rate for females remains roughly the same from 25–50. However, the male wage rate increases from 15–44, especially during the period 24–44 when promotion is more likely to occur. If this is based on hourly rates which are related to productivity there is no support for the suggestion. [5]

(c) The information given allows for inflation. Candidates should comment on the need to take account of price rises which affects the level of real wages. Actual wages would have risen by more than 10% because the figure given allows for price rises. If the employer was referring to actual wages, not real wages, he was correct. 1 mark for simply stating 'no the information cannot be used'. [3]

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